

caused great popular alarm. The government, instead of sustaining the bank, issued two more stupid orders,—one to the agents of the Finance Department in the provinces, not to permit their cash to be exchanged for bank bills, and the other to the chiefs of the military forces, to exchange bank "bills in their military chests for coin.¹ Notwithstanding this apparently deliberate effort to discredit the bank, the government refused to permit the suspension of specie payments and held the institution strictly to the performance of the obligations of its charter. The orders regarding the public funds and the military chests were so palpably unwise that they were quickly revoked, and an order was given to pay everything in bank bills which could be so paid, and to exchange large bills at the agencies of the banks for small ones, in order to facilitate payments in bills.

The discounts of the bank increased from 177,500,000 francs on July 10, 1870, to 203,923,100 francs on July 20th, and to 223,231,744 francs on July 31st. While assistance was thus rendered to commercial credit, the presentation of notes for redemption rose from a daily average of 600,000 francs (\$120,000) during 1869 to a daily average of over 1,000,000 francs (\$200,000) during the eighty-two days from July 1st to September 20, 1870. The amount presented on July 20th was 6,282,000 francs (\$1,250,000) and on the next day 7,025,000 francs (\$1,400,000), and the daily average from July 15th. to July 30th was 2,094,000 francs (\$415,000). The bank was able to meet these demands by appeals for loans of coin from London, Amsterdam, Hamburg, and Paris, and by realizing the bills drawn on foreign countries which it had in its possession.² These bills, which amounted

¹ Noel, I., 486.

* The large holding of foreign bills, chiefly drawn on London, in the cash reserves of European banks is, "to a very large extent, solely for the sake of the interest which is to be made on them. Bills on England, owing to the high rate of interest which they often "bear, as compared with continental rates, are a favorite investment abroad. In Paris, Berlin, Frankfurt, Hamburg, and other conti-